

Illinois Century Network

Policy Committee Meeting Agenda

January 22, 2013
1:00 p.m.



**ILLINOIS CENTURY NETWORK
POLICY COMMITTEE
MEETING AGENDA
January 22, 2013
1:00 p.m.**

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Next Meeting

April 15, 2013
Community College Board, Springfield
James R. Thompson Center, Chicago

ILLINOIS CENTURY NETWORK

OCTOBER 15, 2012 POLICY COMMITTEE MINUTES

Submitted for:	Action
Summary:	Distribution of the October 15, 2012 minutes for review by the Policy Committee.
Action Requested:	Adoption of the October 15, 2012 minutes.
Recommended Motion:	The ICN Policy Committee adopts the October 15, 2012 minutes with any edits as noted.

ILLINOIS CENTURY NETWORK

OCTOBER 15, 2012 POLICY COMMITTEE MINUTES

Greg Wass called the meeting to order at 1:00 PM. Greg mentioned he was glad to see the annual meetings on the agenda. It is a lot of work, but a great opportunity to reach out to the members of the community at large.

Members present (Chicago):

Greg Wass, Cook County	Scott Norton, Illinois State Board of Education
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Members Present (Springfield):

Bonnie Styles, Illinois State Museum	Mike Dickson, Retired – Higher Education
Amy Edwards, Illinois Board of Higher Education	Todd Jorns, Illinois Community College Board
Lori Sorenson, Central Management Services	Kathleen Bloomberg, Illinois State Library

Members on audio bridge:

Chet Olson, Mayor of Rochelle	
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Staff and guests:

Tom Oseland, Central Management Services	Robin Woodsome, Central Management Services
Deborah Kelley, Central Management Services	Carla Poani, AT & T
Tom Coats, Central Management Services	Frank Whitney, AT & T

Minutes

Greg introduced the first item on the agenda, approval of the minutes from July 16, 2012. A motion was made by Bonnie Styles to accept the minutes. The motion was seconded by Mike Dickson. The motion carried.

Illinois Broadband Opportunity Partnership Update

Lori Sorenson provided an update on the fiber broadband project. There are nine months left to complete the project. The conduit installation is 70% and fiber is 32% complete. Approximately 88% of the leases have been secured. The remaining leases are with the Department of Transportation and the Chicago Transit Authority.

There are 19 outstanding permits that are hindering the fiber installs in some areas. The majority are for CSX Railroad. Progress was made after Tom Coats reached out to Tom Livingston, the CSX legislative liaison. The Metra permit has been signed.

Lori reported that the deliveries of fiber cabling are ahead of schedule. The crews are wrapping up Kankakee to Champaign. Kankakee to the south-side of Chicago is nearly done; there are a few areas where they have to bore through rock. Champaign to Bloomington is complete and Springfield to Champaign is nearly complete.

The inside plant work at the anchor institution sites is underway. A few sites along the fiber route are operational. Even though we are turning sites on as we can, they are not going into the new rate/service model. These sights are providing a beta environment to work through the procedures for lighting and supporting the optical connections.

We have submitted a request to the NTIA to add 45 additional anchor institutions and 3 route expansions since we are under budget. We are also looking at upgrading the capacity of the optical equipment from 40 Gbps to 100 Gbps. Once the initial review is complete, we will begin working with the environmental team which will take another 30 days. At the direction of NTIA, the expansions we requested will cost more than the funds we have available. If we do get approval, we are not required to complete all the expansion routes, just what we can complete in the time frame.

The expansion request includes laterals to 12 small communities where we plan to bring in a fiber connection to at least one site. NTIA is scrutinizing the lateral connections. If there is a service provider who offers fiber based service regardless of cost, then the institution may not be able to be connected. Some sites have a compelling case due to a single vendor and the cost. The middle mile routes, even without the laterals, allow for interconnection with other service providers. This request includes routes from Litchfield to Mattoon, Paris to Newton, and Pana to Springfield.

Time has been spent focusing on the wholesale customers. The providers are ready to negotiate agreements. We have developed a lease agreement and are working to modify our service agreement to comply with the requirement of an open network. Once the documents are finalized with legal, we will start sending them to the service providers. We have completed a revenue forecast based on the interest we have received; however, we built our rates based on revenue from existing sources not new sources. If the state continues to drop funding, it could also affect rates.

A Personal Services Contractor, Essam El-Beik, was hired to assist with wholesale broadband marketing. He is developing a framework to bring on a third party organization to market, sell and possibly operate a portion of the network for non-ICN customers. Previously, he developed public/private partnerships for three other BTOP grant recipients in other states. He is meeting with other BTOP recipients to see if they have developed public/private partnerships and how they are operating, what their revenue share is, what the restrictions are, and the impact on the availability of broadband. This will help us find the hybrid best for ICN. After the first of the year, we will issue a Request for Information to collect input from interested vendors. A Request for Proposal would be issued in the summer. We are also looking at how we might leverage infrastructure in underserved areas through the use of discounts or incentives. If you have a group or entity that you suggest he meet with, let us know. He is scheduled to meet with The Partnership for a Connected Illinois and plans to meet with the other state education and research networks. Greg expressed an interest in meeting with Essam to discuss his research regarding the different funding models and options.

We have been working with the Governor's Office to discuss different ideas regarding the ground breaking. One idea we mentioned at the last meeting was to including the Directors from CMS and DCEO. Nothing has been decided to date. We will supply a range of dates and locations that would be available over the next 90 days.

Rates

Robin provided an update on the rates. Based on constituent feedback, we get the sense there is a good understanding of the pricing and allocation models. Most have expressed concern regarding the reduction of our budget from \$13 to \$6 million. The sites we are currently working with are very proactive about upgrading their internal network for the additional bandwidth.

The last mile providers are also being proactive by looking to upgrade their infrastructure at ICN POP sites. We are getting reports from the schools that they are being given quotes or at least the suggestion that they will be provided lower prices during the next year due to additional bandwidth.

A meeting was held with the State Library and the Library Systems to discuss a model that will support their needs. Options included co-location, bandwidth grants, etc. The Library Systems are preparing a detailed assessment of their bandwidth needs. Steve Nation, our Infrastructure Services Manager, did talk about other services that could help them. Other municipalities are also interested in co-location and virtualization services.

ICN's relationship with E-rate will change as a result of the new network. Currently, ICN is a service provider for the healthcare side of E-rate but a recipient for the schools and libraries side. Tom Oseland has requested that the ICN service provider number be expanded to include schools and libraries. We are working on developing internal process to respond to school and library quotes requests through the E-rate system. We anticipate by the end of October, we will be prepared to start responding to the schools' and libraries' Form 470s internet services section. The portion we would cover would be what the school purchased over the allocation credit. It will be month-to-month so we will not require contracts.

Many of the schools' and libraries' AT&T contracts have or are expiring causing them to go to monthly pricing which could be a significant increase. Because we do not provide last mile service, in some cases we have secured a circuit with AT&T on behalf of the constituent if they are not able to secure it on their own. AT&T requires the school and library to sign a new 3-5 year contract to secure the same rate while ICN can purchase the circuit at the same cost without a term using the CMS contract.

Regional Meetings

As of the meeting, there were 127 people registered for the regional meetings. The College of DuPage and Illinois State University meetings will be streamed live via the web. Web attendees will be able to submit questions real time.

The majority of the agenda will focus on the fiber project, new rates, and changes to the funding allocation model. We also will discuss how constituents can reach the ICN through interconnections with other BTOP projects.

Greg mentioned that he has found these meetings to be very informative and plans to attend. Greg encouraged other Committee members to attend a meeting if possible.

E-rate

Tom Oseland provided the E-rate update. There has been no activity since the last meeting. Both the 2011 and 2012 applications are still under review. 2011 is probably taking longer due to the new master contract implemented that year. 2011 will probably move more quickly after the latest request for information.

We are working to change our status in E-rate to service provider. Once they approve the change, as of 2013, we will be considered a service provider.

2013 Meeting Schedule

Committee members adopted the 2013 meeting schedule. The meetings are held quarterly on the third Monday of January, April, July and October except for January 21st which is Martin Luther King Day. The specific dates for 2013 are:

January 22, 2013 (Tuesday)

April 15, 2013

July 15, 2013

October 21, 2013

Todd Jorns made a motion to adopt the 2013 meeting schedule. Bonnie Styles seconded the motion. The motion carried.

ILLINOIS CENTURY NETWORK

ILLINOIS BROADBAND OPPORTUNITY PARTNERSHIP UPDATE

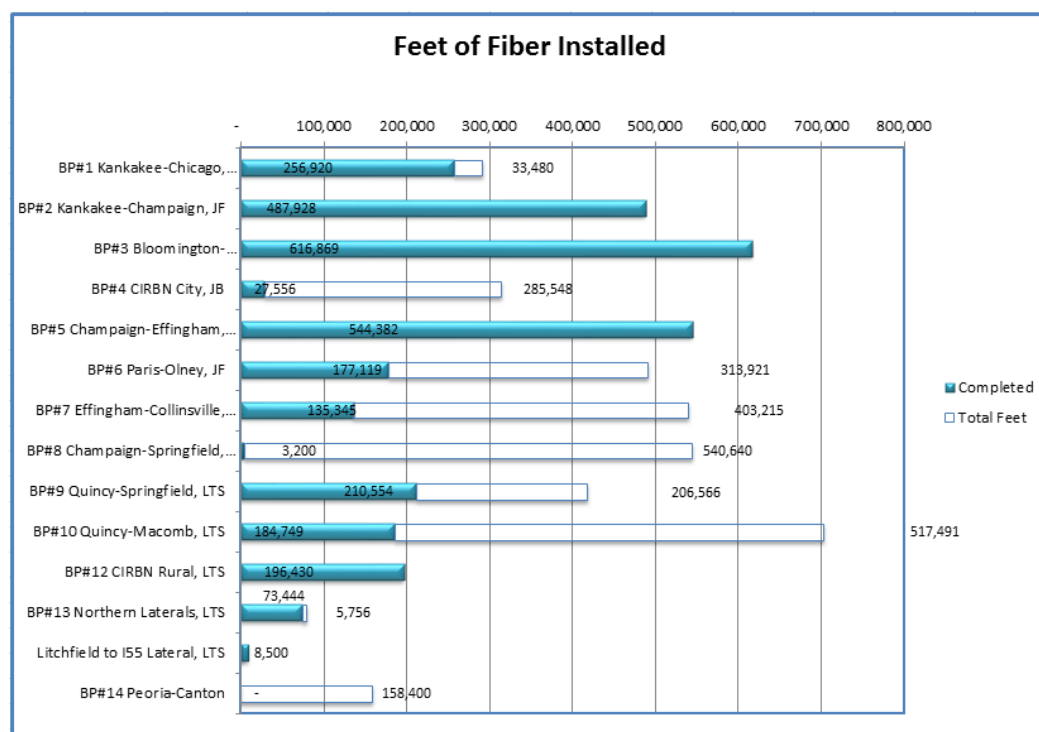
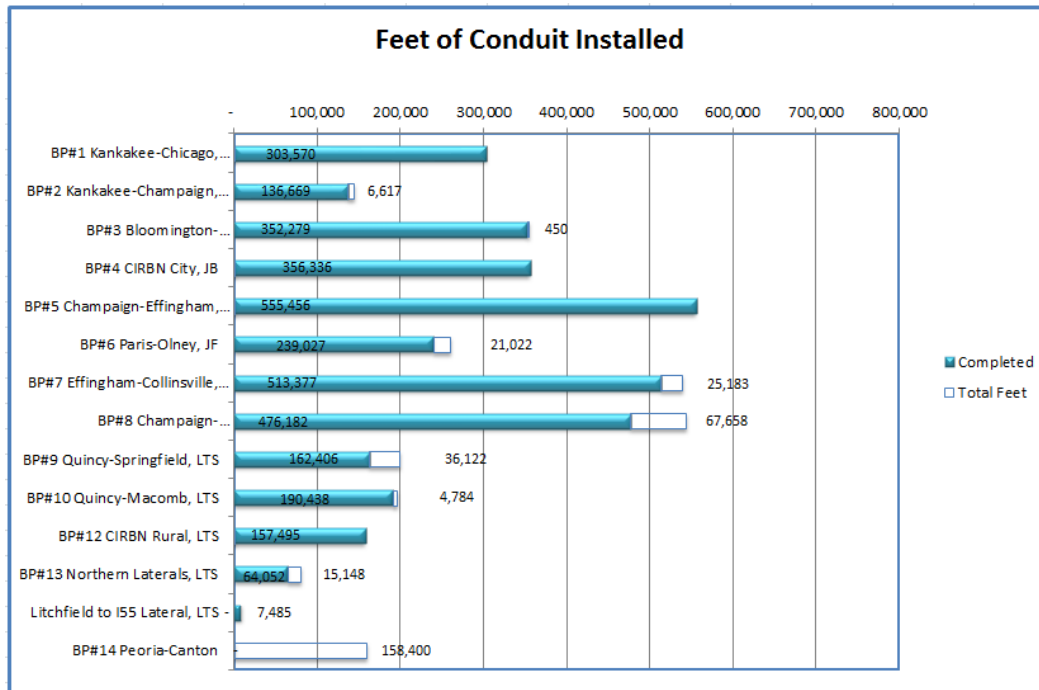
Submitted for:	Information
Summary:	Provides an update on the Illinois Broadband Opportunity Partnership.
Action Requested:	None
Recommended Motion:	None

ILLINOIS CENTURY NETWORK

ILLINOIS BROADBAND OPPORTUNITY PARTNERHSIP UPDATE

Construction

To date 666 of 715 miles of conduit and about 552 of 1,000 miles of fiber has been installed. All but one railroad permit has been secured. Following is a snapshot of progress by package.



A few segments of the fiber build are uncertain. CMS is working around road construction to McHenry County College, utility congestions to Morton High School and an unplanned build from 95th Street in Chicago to downtown.

Fiber Leases

There has been no change on the leased fiber miles - 570 of 600 miles secured. CMS is negotiating contracts for the additional leased miles.

Budget

As of January 17, 2012 project expenditures total \$57M of the \$96M. CMS has received \$25M of the \$64M in federal funds and \$18M of the \$26M in Illinois capital funds plus another \$6M in state funding.

Community Anchor Institution (CAI) Connections

Three additional CAIs have been connected for a total of 11. The majority of the CAI connections will not take place until the associated backbone route is completed.

Project Expansion

The request to build additional routes and connect additional CAIs is still pending with the National Telecommunications and Information Administration (NTIA). The request has completed programmatic approval and is now with the environmental review team.

Wholesale Customers

The fiber lease template has been finalized and negotiations are underway with a wholesale service provider. CMS provided quotes to approximately 10 service providers and are in early discussions with another 10.

Essam has completed his research with the other state and non-profit BTOP projects and developed the framework for the sales and marketing partner. The Request for Information will be issued by the end of January or early February along with a request for Public Comment on the ICN's plans for the sales and marketing partner.

Essam has also completed a financial analysis to look at the financial sustainability of the network. The analysis considers the revenues from existing ICN customers plus revenues from wholesale providers along with the network operational costs. The conservative analysis shows a positive EBITDA and a negative EBIT due to significant annual depreciation from the fiber cabling and equipment.

ILLINOIS CENTURY NETWORK

E-RATE UPDATE

Submitted for:	Information
Summary:	This item provides an update on ICN E-rate funding request.
Action Requested:	None
Recommended Motion:	None

ILLINOIS CENTURY NETWORK

E-RATE UPDATE

The ICN 2012 E-rate application was approved on November 29, 2012. The total amount of funding approved was \$3,102,381.56. Since fiscal year 2013 has not yet ended, the total amount of reimbursements to be received from this application is not yet known. However, due to decreased backbone costs during FY13, the final amount to be received will be less than the approved amount.

The chart below summarizes E-rate funding activity and status for each funding year application.

E-rate Activity

Funding Year	Received	Approved – Not yet received	Applied for Not yet approved	Under Appeal
Year 3 (2000)	\$2,137,765	-0-	-0-	N/A
Year 4 (2001)	\$2,522,559	-0-	-0-	N/A
Year 5 (2002)	\$4,996,227	-0-	-0-	N/A
Year 6 (2003)	\$4,644,171	-0-	-0-	N/A
Year 7 (2004)	\$2,497,427	-0-	-0-	N/A
Year 8 (2005)	\$2,424,567	-0-	-0-	N/A
Year 9 (2006)	\$982,392	-0-	-0-	N/A
Year 10 (2007)	\$953,998	-0-	-0-	N/A
Year 11 (2008)	\$799,251	-0-	-0-	N/A
Year 12 (2009)	\$1,339,032	-0-	-0-	N/A
Year 13 (2010)	\$2,982,199	-0-	-0-	N/A
Year 14 (2011)	N/A	N/A	\$3,353,278	N/A
Year 15 (2012)	N/A	\$3,102,382	N/A	N/A
Totals	\$26,279,588	\$3,102,382	\$3,353,278	-0-

The 2011 ICN E-rate application remains at the “Initial Review” status with USAC. It would appear that the review of this application is taking longer than usual due to the new state master contract for network services being implemented that year. There has been no recent contact from USAC review.

The ICN is now formally listed as a service provider in the E-rate program beginning with the 2013 (July 1, 2013 – June 30, 2014) funding year. By switching from the role of applicant to that of service provider, the ICN will be able to offer services to E-rate eligible constituents that will be eligible for funding support under the E-rate program.

ILLINOIS CENTURY NETWORK

OPEN MEETINGS ACT

Submitted for: Information

Summary: This item seeks to review the requirements of the Open Meetings Act

Action Requested: None

Recommended Motion: None

ILLINOIS CENTURY NETWORK

OPEN MEETINGS ACT

In order to comply with changes to the Open Meetings Act, the Policy Committee must adopt rules allowing citizens an opportunity to speak at public meetings “[a]ny person shall be permitted an opportunity to address public officials under the rules established and recorded by the public body.” 5 ILCS 120/2.06(g).

According to the Open Meetings Act training on the Illinois Attorney General website, rules may include:

- reasonable limits on comments,
- require comments to be limited to subjects on the meeting’s agenda,
- allow the public body to cut off a comment if it is irrelevant, repetitious or disruptive, and
- set aside a specific portion of the meeting for public comments.

Staff recommends the following rules based on rules adopted by the Illinois Board of Higher Education:

“A representative of the general public may request the opportunity to make a presentation, provided that his/her request is made to the Committee Secretary no later than three business days prior to the Committee meeting for which the request to make a presentation is made, except as an emergency might require. Appearance, if approved by the Chairperson, will be subject to reasonable time limits. The party whose request for appearance is approved will be notified in advance of the appointed time and place. The time of appearances which have been approved will be scheduled as the Committee agenda permits or as the Chairperson deems appropriate.”